

WOODLANDS MUTUAL WATER COMPANY

PO BOX 19
ARROYO GRANDE, CA 93421
www.woodlandsmwc.com

TELEPHONE 805-540-5208
FAX 805-544-4294

BOARD MEMBERS

Preston Holdner, President
Sam Saltoun, Vice President
Jan Tabarez, Secretary/Treasurer
Lonnie Ellisor, Director
Korey Carroll, Director

GENERAL MANAGER

Robert Miller, P.E.

DIRECTOR'S MEETING

DATE: December 2, 2020

Meeting will directly follow Annual Shareholders Meeting

This meeting is open to all customers and members of the Woodlands Mutual Water Company. This meeting will be held electronically, via Zoom.

Join Zoom Meeting

<https://us02web.zoom.us/j/89539870090?pwd=U0lvVGdNL0pXVXhJSWc5SWsyWXNrUT09>

Meeting ID: 895 3987 0090

Passcode: 238498

AGENDA

1. Call to Order, Establishment of Quorum
2. Appointment of Officers
3. Consideration/Appointment of Advisory Committee Member (1)
4. Discussion of System Operations
5. Review FY 2019/20 & FY 2020/21 Budget to Actual
6. Shareholder comments and questions
 - a. Update on Golf/Vineyard Agreement
 - b. Treatment Plant & Water Tank Expansion

This notice is being given in accordance with AB240. Any questions or special requests, please contact Lonnie at (805) 540-5208.

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Staff Report

TO: Board of Directors
FROM: Rob Miller, General Manager
DATE: December 2, 2020
SUBJECT: Advisory Committee Appointment

RECOMMENDATION

Staff recommends that the Board appoint Mr. Don Rutherford to the resident advisory committee, joining Paul Stolpman, Chris Sorensen, Scott Braun and Tom Ryan for a Resident Advisory Committee of five.

FUNDING

No fiscal Impact

DISCUSSION

In 2013, the Board established a Resident Advisory Committee to assist the Board of Directors in key WMWC functions.

The WMWC Director Nomination Policy provides that the Board appoint additional shareholders to the Resident Advisory Committee from time to time, with the intent of maintaining not less than three committee members. Mr. Rutherford's application is attached for the Boards review and consideration.

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Application for Advisory Committee Appointment

NAME Don Rutherford

ADDRESS OF RESIDENCE 1368 Vicki Ln, Trilogy

CITY Nipomo **ZIP** 93444

PHONE (H) (805) 343-0159 (C) (949) 521-1232

E-MAIL don@rutherfords.net **BEST TIME TO CONTACT** Day/Evg

EMPLOYMENT EXPERIENCE 57 years consulting, auditing, CFO, general management, significant portion in tech companies

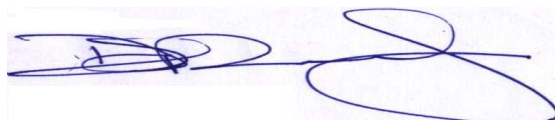
COMMUNITY/VOLUNTEER EXPERIENCE in 2 communities pre-Trilogy involved in HOA's. In Trilogy have participated in committees; CCMA Finance, Traffic Cameras, Car Shows, and Monarch Activity Center (MAC)

MY PRIMARY INTERESTS ARE cars, computers and reading

MY QUALIFICATIONS/EXPERIENCE/INTERESTS INCLUDE Professional Engineer, University of Toronto, Industrial Engineering, and Chartered Accountant (CA - Cdn equivalent of CPA), Queens University

I AM INTERESTED IN PARTICIPATING ON THE ADVISORY COMMITTEE FOR THE FOLLOWING REASONS Interest in major systems that are important to our community and my need to contribute

SIGNATURE



DATE 10/28/2020

Please Return to: Woodlands Mutual Water Co, Attn: Lonnie
Mail: P.O. Box 19, Arroyo Grande, CA 93421
Email: lonnie@wallacegroup.us
Fax: (805) 544-4294

For more information, call 805-540-5208

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Staff Report

TO: Board of Directors

FROM: Rob Miller, General Manager

DATE: December 2, 2020

**SUBJECT: Financial Status
Review Previously Approved budget and Status**

RECOMMENDATION

Staff recommends that the Board review the adopted two year budget for FY 2019-20 & FY 2020-21. No amendments are recommended at this time.

FUNDING

Preparation of the budget and budget review is included in the budget under Contract Services – Fund 2102 – Administration.

DISCUSSION

The Board of Directors adopted a two-year budget for FY 19/20 & FY 20/21 in November of 2019. A summary of each fund is provided below.

Water Fund

The water fund will need to be watched carefully to ensure that rates continue to meet operational needs. No increases are proposed at this time.

Sewer Fund

The Sewer Fund is projected to end in a positive FY 2019-20 year-end balance, with fully funded reserves. No increases are proposed at this time.

Supplemental Water Fund

The supplemental water fund is currently keeping pace with quarterly payments to NCSD, legal expenses, and NMMA expenses. No increases are proposed at this time.

A reserve study is scheduled for completing in FY 2020-21 and will evaluate the current rates and requirements to ensure optimal operation of our water and wastewater systems.

CIP Projects Completed in FY 2019-20

Sludge Removal - \$209,780.31

Water Fund: Adopted Budget to Actual for FY 19/20

	Budget	Actual
Revenues	\$725,150	\$742,797
Expenses		
Administration	\$107,000	\$108,895
Contract operations and maintenance	\$252,000	\$149,326
Utilities	\$191,500	\$241,195
Other expenses, capital, and loan repayment	\$162,547	\$131,895
Total Expenses	\$685,351	\$631,311
Net Income available for reserve contribution	\$39,799	\$111,486
Recommended reserve contribution per adopted study	\$59,357	

Water Fund: Adopted Budget for FY 20/21

Revenues	\$776,156
Expenses	
Administration	\$111,280
Contract operations and maintenance	\$262,080
Utilities	\$201,560
Other expenses, capital, and loan repayment	\$107,225
Total Expenses	\$682,145
Net Income available for reserve contribution	\$94,011
Recommended reserve contribution per adopted study	\$60,544

Sewer Fund: Adopted Budget to Actual for FY 19/20

	Budget	Actual
Revenues	\$878,236	\$775,952
Expenses		
Administration	\$106,862	\$108,001
Contract operations and maintenance	\$400,000	\$296,981
Utilities	\$98,900	\$95,385
Other expenses, capital, and loan repayment	\$44,351	\$31,798
Total Expenses	\$650,113	\$532,165
Net Income available for reserve contribution	\$228,123	\$243,787
Recommended reserve contribution per adopted study	\$152,721	

Sewer Fund: Adopted Budget for FY 20/21

Revenues	\$948,489
Expenses	
Administration	\$111,137
Contract operations and maintenance	\$416,000
Utilities	\$104,256
Other expenses, capital, and loan repayment	\$46,506
Total Expenses	\$677,899
Net Income available for reserve contribution	\$270,590
Recommended reserve contribution per adopted study	\$155,775

**Supplemental Water Fund:
Adopted Budget to Actual for FY 19/20**

	Budget	Actual
Revenues	\$700,000	\$579,197
Expenses		
NMMA participation and administration	\$38,000	\$19,411
Legal expenses	\$20,000	\$1,756
Supplemental water payments to NCSD	\$576,000	\$566,044
Total Project Expenses	\$634,000	\$587,211

Supplemental Water Fund: Adopted Budget for FY 20/21

Revenues		\$730,000
Expenses		
	NMMA participation and administration	\$43,000
	Legal expenses	\$20,800
	Supplemental water payments to NCSD	\$600,000
Total Project Expenses		\$663,800

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Staff Report

TO: Board of Directors
FROM: Rob Miller, General Manager
DATE: December 2, 2020
SUBJECT: Update on Golf/Vineyard Agreement

RECOMMENDATION

Staff recommends that the Board review and adopt the attached policy.

FUNDING

No Fiscal Impact

DISCUSSION

Woodlands Mutual Water Company currently has a number of sources of non-potable water for use in the irrigation of two golf courses and the area that was intended to be the third golf course within Monarch Dunes. This third golf course has since been converted to a working vineyard, including a planted buffer area surrounding the vineyard. These non-potable sources include an existing irrigation well that was dedicated by the original developer, recycled water from the Company's wastewater treatment plant and three shallow wells that are only capable of providing non-potable water due to location and water quality limitations.

Staff has been attempting to facilitate a written agreement between the developer (current owner of the commercial vineyard property) and the owner of the existing golf courses. The agreement was intended to function as an addendum to previous water-related agreements. The parties have been unable to reach agreement to date, and therefore staff is bringing forward the attached policy statement for Board review and approval. In addition to regulatory requirements and previous agreements, updated policy guidance will facilitate staff's management of WMWC's non-potable sources.

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POLICY ON WATER SUPPLY RELIABILITY - IRRIGATION

December 2, 2020

Background

The Company currently has a number of sources of non-potable water for use in the irrigation of two golf courses and the area that was intended to be the third golf course within Monarch Dunes. This third golf course has since been converted to a working vineyard, including a planted buffer area surrounding the vineyard. These non-potable sources include an existing irrigation well that was dedicated by the original developer, recycled water from the Company's wastewater treatment plant and three shallow wells that are only capable of providing non-potable water due to location and water quality limitations.

The Company is also a party to a number of agreements with respect to the service of non-potable or irrigation water within the Company's service area that provide for the allocation of irrigation water and costs amongst the various parties who receive non-potable water service. The Company is subject to the obligations with respect to water delivery that are contained in such agreements.

The State of California has become increasingly restrictive with respect to the use of potable water supplies to provide for non-potable needs and the Company desires to maximize the efficiency of its non-potable water supply to ensure that it can continue to provide service to all of its customers in the event of any future drought or curtailment in available water supplies. Having a reliable non-potable water supply will provide a benefit for all customers of the Company by taking pressure off of potable supplies.

Policy

The Company currently owns infrastructure sufficient to deliver water from the existing irrigation well, the shallow wells, and recycled water to the golf courses, vineyard buffer area, and the vineyard. In addition, the Company may have additional shallow well capacity available to serve common areas that are currently irrigated from the potable water distribution system.

The Board of Directors has further determined that sufficient shallow well capacity exists to support the germination and continued irrigation of the 40 acre golf fringe. The golf fringe replanting project will require up to 101 acre feet in a single year during the peak germination period, and then 40 acre-feet per year once germination is complete.

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In consultation with the Company's non-potable customers and subject to the Company's contractual requirements with respect to the delivery of irrigation water, it will be the policy of the Company to manage the non-potable irrigation water system in accordance with the following guidelines:

1. Recycled water and the production of water from the existing irrigation well will be allocated eighty percent (80%) to the golf courses, and twenty percent (20%) to the vineyard and vineyard buffer. Water provided for the vineyard and vineyard buffer will be allocated by acreage between these uses.
2. Production of water from the three shallow wells will be allocated eighty percent (80%) to the following uses that are currently irrigated with shallow well water, in proportion to their acreage:
 - a. Commercial vineyard
 - b. Vineyard buffer
 - c. Woodlands Master Association vineyard
 - d. Common areas along Viva Way, Banneker Place and Amador Way

The remaining twenty percent (20%) will be allocated to the golf courses.

3. Sufficient water will be provided by the Company for the establishment and maintenance of the golf fringe from its shallow wells.
4. Given that additional shallow water capacity is likely to be available beyond the needs of golf, vineyard, and vineyard buffer, the Company will support the Home Owners Association(s) in their efforts to extend shallow water distribution to additional common areas that are currently irrigated with potable water. These common areas may receive shallow well water if additional capacity exists after the irrigation requirements of the uses specified in items 1 through 3 above have been satisfied. As such, a backup connection to the potable system should be considered in these common areas.

The operational staff of the Company will have the discretion to alter the foregoing guidelines as necessary to comply with the Company's contractual commitments. In addition, acknowledging the normal variation in available supply due to climate conditions, equipment operation, and other factors, and the variation in demand due to short and long term customer needs, the Company will seek to balance these variable factors to the benefit of all irrigation customers.